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THE WHITE HOUSE
WASHINGTON

Executive Registry

82-1830

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 7-19-82 NUMBER: ----- DUE BY: -----

SUBJECT: Cabinet Council Minutes

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Wheeler	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Kudlow	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Attached for your information are the minutes of the July 6 meeting of the Cabinet Council on Human Resources; and the July 13 meeting meeting of the Cabinet Council on Economic Affairs.

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
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☒ Becky Norton Dunlop
Director, Office of
Cabinet Affairs
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MINUTES
CABINET COUNCIL ON HUMAN RESOURCES

July 6, 1982
2:00 p.m., Roosevelt Room

Attendees: Secretaries Donovan, Block, and Acting Secretary Swoap, Meese, Harper, Weidenbaum, Jones, Carleson, Dunlop, Cogan, Jarratt, Cicconi, Clarkson, Knapp, Rose, Dole, Medas, Cribb, Kabel, Jenkins, Russo, and Smith.

Secretary Donovan convened the meeting at 2:07 p.m.

1. Mandatory Retirement Age (CM 229)

Robert Carleson summarized the memorandum from the Department of Labor to him of July 1, 1982 giving the background for discussion. Secretary Donovan presented the current legislative situation. Chairman Weidenbaum opposed any broadening of the Administration's current position, limiting legislation to mandatory retirement (or its equivalent) only. Secretary Donovan suggested the following option:

- (a) Reaffirm our commitment to remove the age cap on mandatory retirement including discharge, demotion and salary reduction.
- (b) State that we would support the general concept of removing the age 70 cap on all forms of age discrimination, as embodied in Heinz-Pepper, if the appropriate Congressional committees address simultaneously certain other substantive issues in ADEA which have been raised by the parties affected by the statute. These issues include jury trials, liquidated damages, pension accruals and the executive and academic exemptions.

After discussion, Edwin Meese indicated that he felt a meeting of the Council with the President should be scheduled for early next week to discuss the Administration's testimony before the Pepper committee. The Council agreed.

2. Women, Infants and Children's Program (WIC) (CM 261)

Mary Jarratt presented a memorandum for information of the current intent of the Department of Agriculture to propose regulations affecting sugar content, and other elements of the WIC program. David Swoap asked why all elements of the nutrition programs couldn't be reviewed and a comprehensive regulation be proposed later this year. After further discussion Secretary Block said that he would not propose this regulation at this time, but would consider it as part of a comprehensive regulation later this year.

The meeting adjourned at 3:12 p.m.

MINUTES
CABINET COUNCIL ON ECONOMIC AFFAIRS

July 13, 1982
8:45 a.m.
Roosevelt Room

Attendees: The Vice President, Messrs. Regan, Block, Baldrige, Donovan, Lewis, Brock, Harper, Porter, Fuller, Hovde, Davis, Niskanen, Wright, Egger, Steinberg, Garrett, Calengaert, Cicconi, Bailey, Medas, Kabel, Bledsoe, and Denend, and Ms. Dunlop.

1. West Penn Square Bank Failure

Secretary Regan reported on the latest information available on the failure of the West Penn Square Bank of Oklahoma City, Oklahoma. Penn Square was a small suburban bank without branch operations which in two years grew to become the fourth largest bank in Oklahoma. It had syndicated loans, primarily for gas exploration in Western Oklahoma, to banks across the nation. After irregularities were found in its operations earlier this year, a decision was made in early July not to allow the bank to reopen. Because of its size and the extremely poor condition of its balance sheet, no merger arrangement could be found. Depositors will experience losses on deposits in excess of the insurance liability limit of \$100,000, and several banks which had accepted Penn Square loans could experience difficulties.

The Council's discussion centered around attempts to arrange a merger, the uniqueness of this bank's situation, the impact of this failure on the behavior of savers and investors and therefore the economic recovery, and steps which might be taken in the future to identify banks with similar growth patterns.

2. Decision on Eximbank Financing for New York Subway Cars

The Council reviewed a paper, prepared by the Department of the Treasury, on Eximbank financing for New York subway cars.

Secretary Regan reported on his required decision on Eximbank financing for New York subway cars in accordance with Section 1912 of the Export-Import Bank Act Amendments of 1978. This action was brought by the Budd Company, which lost out to the Canadian Bombardier Corporation in the bidding to produce 825 subway cars for the New York Metropolitan Transit Authority

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(MTA). The Secretary decided that he would not authorize Eximbank financing to match the subsidized Canadian financing because he found that "noncompetitive financing" was not a determining factor in MTA's selection of Bombardier.

The Council's discussion centered on the impact of this decision on the cost of subway cars to New York, the impact on the Budd Company, and the next steps the Budd Company may pursue.

3. Federal Debt Collection and Tax Refund Offsets

The Council reviewed two papers prepared by the OMB Debt Collection Staff and the Internal Revenue Service (IRS).

Mr. Wright's presentation focused on the efficiency and effectiveness of the tax refund offset as a debt collection instrument in cases where other remedies have been exhausted. He noted the poor experience of the federal government compared to the private sector in collecting debts and pointed out that the Administration had set goals for improving in this area. He added that experience with the tax refund offset in 17 states had been uniformly positive. On balance the Debt Collection Project Staff feels that the Administration should support the tax refund offset as a debt collection measure. He also explained the current legislative status of the debt collection legislation in the Senate and the House.

Mr. Egger's presentation, while sympathetic to the problems with federal debt collection performance, focused on the difficulties associated with using the tax refund offset as a debt collection device. He explained that roughly 70 percent of U.S. taxpayers over withhold. This practice provides the federal government with an annual "float" of roughly \$50 billion. If in response to a tax refund offset program a significant percentage of citizens eliminated their over withholding, the resulting interest cost could exceed the value of the debts collected.

He noted that IRS expects to collect over \$160 million from 270 thousand taxpayers as part of the Congressionally mandated tax refund offset program to collect delinquent child support payments over the coming year. The IRS feels that the Administration should avoid applying the tax refund offset further until we have evaluated our experience collecting delinquent child support payments and in

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particular observing changes in withholding behavior in response to this effect.

The Council will continue its discussion of the debt collection and tax refund offset issue at a future CCEA meeting.